

UAC INSURANCE MUTUAL

Board of Trustees Meeting

Thursday, October 24, 1996, 9:00 a.m.

UAC Offices

4021 South 700 East, Suite 180, Salt Lake City

A G E N D A

9:00	Call to Order	Gary Herbert
	Review of Board Members Absent	Gary Herbert
	Approval of October 3, 1996, Minutes	Gary Herbert
	Annual Membership Meeting	Gary Herbert
	Member County Awards	Gary Herbert
	Director's Report	Brett Rich
	Summary of Loss Prevention Activities	David Nelson
	Broker's Report	
	1997 Administrative Budget	Brent Gardner
	Set Date and Time for Closed Meeting to Discuss the Character, Professional Competence, or Physical or Mental Health of an Individual	
	Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	
12:00	Adjourn	

4021 South 700 East, Suite 180
Salt Lake City, Utah 84107



UTAH ASSOCIATION
OF COUNTIES

INSURANCE Board Members Present:

UAC INSURANCE MUTUAL MINUTES, BOARD OF TRUSTEES MEETING

October 24, 1996, 9:00 a.m.
UAC Offices, Salt Lake City, Utah

Gary Herbert, *President*, Utah County Commissioner
Gerald Hess, *Vice President*, Davis County Deputy Attorney
Sid Groll, *Comptroller*, Cache County Sheriff
Curtis Dastrup, Duchesne County Commissioner
Gary Sullivan, Beaver County Commissioner
Sarah Ann Skanchy, Cache County Council Member

Board Members Absent:

Robert Gardner, *Secretary*, Iron County Commissioner
Ken Brown, Rich County Commissioner
Ty Lewis, San Juan County Commissioner

Others Present:

Brent Gardner, UAC Executive Director
Brett Rich, Director, UACIM
David Nelson, UACIM Loss Prevention Manager
Sonya White, UACIM Administrative Assistant
Doug Alexander, Aon Claims Manager
Rich Stokluska, AJGCo. Account Executive

CALL TO ORDER

Gary Herbert called the meeting to order and welcomed those in attendance.

REVIEW OF BOARD MEMBERS ABSENT

Ken Brown phoned the UAC office and explained that he was unable to attend the last Board meeting due to his involvement on the State Advisory Council on Aging which held their Senior Citizens Day at the Capitol on October 3. Ken will not be in attendance today due to a scheduled meeting, Comprehensive Planning, of which he is the chairman. Robert Gardner phoned the UAC office this morning explaining that he was involved in a meeting late last night and was unable to travel to Salt Lake for this meeting. Ty Lewis phoned the UAC office yesterday and explained that due to personal issues he would not be in attendance today. Sarah Ann Skanchy made a motion to excuse those members absent. Curtis Dastrup seconded the motion and the motion passed unanimously.

APPROVAL OF OCTOBER 3, 1996, MINUTES

The minutes from the October 3, 1996, Board of Trustees meeting were previously sent to the Board Members for review. Curtis Dastrup noted on page two under 1997 UACIM Budget and Administrative Budget, paragraph two should read: *Brett Rich explained that Gallaghers has given UACIM a bid of \$20,000 for boiler and machinery coverage, \$48,000 to increase the excess liability an additional \$1 million, and \$40,000 to increase earthquake and flood coverage.* On page three under Director's Report, paragraph four should read: *The excess insurance policy is safer and compared to reinsurance is not necessarily more expensive.* Gerald Hess noted on page four under Summary of Loss Prevention Activities, paragraph three should read: *David explained that training had been scheduled for September 27...* Curtis Dastrup made a motion to approve the minutes as corrected. Sid Groll seconded the motion and the motion passed unanimously.

ANNUAL MEMBERSHIP MEETING

Gary Herbert will be out of state during the membership meeting, scheduled for November 13, 1996, and requested that Gerald Hess chair the meeting. The Board set the agenda for the meeting to include: Amendments to the Bylaws, Board of Trustees Elections, Presentation of the 1997 Budget, 1997 Premium Contributions, Introduction of Broker, 1997 Property & Casualty Program, Additional Program Coverages and Loss Prevention Report. Board Members were designated to present each item to the membership.

The Board directed Brett Rich to draft a letter to each member county insurance coordinator, with a copy to each commission/council chairperson, explaining the options and costs of additional excess liability coverage and additional earthquake and flood coverage. The letter should express that these options will be put to a vote at the membership meeting and that each county representative must be prepared to make that vote for their county.

MEMBER COUNTY AWARDS

Each year the UACIM Board has recognized those low loss ratio counties with an award during the annual UAC Convention. The Board would like to award the most improved, the most compliant and the lowest loss ratio counties within the UACIM program. The Board directed Brett Rich to research which counties will receive the awards, Sonya White to prepare the awards and Robert Gardner to present the awards at the closing dinner during the UAC Convention on November 15.

DIRECTOR'S REPORT

Notice(s) of Withdrawal Brett Rich reported that he met with the Beaver County Commission on October 7, regarding a notice to withdraw that was apparently sent without a resolution from the Commission. Beaver County will rescind their notice and will maintain their membership in UACIM for 1997. Gerald Hess explained that the Davis County Commission authorized the cancellation of withdraw and will remain with UACIM for 1997. The Board agreed that UACIM must be prepared to compete with private carriers and offer recommendations to member counties relating to the bid process.

Amendments to Bylaws Brett Rich explained that there was only one other recommended change to the Bylaws, pursuant to the review of the amendments by the Board. The amendments will be presented for review and approval of the members at the annual meeting.

State Code Compliance The State Code reads that a minimum of three trustees must be on each committee of an insurance mutual. Some of the UACIM Committees do not have a trustee as a member. UACIM has the following committees in place: Audit, Personnel, Litigation, Rating and Law Enforcement. To comply with the code, the Board renamed "committee" to advisory group and directed Brett Rich to prepare recommendations for structure of committees and other advisory groups for the next meeting.

Inverse Condemnation Brett Rich reviewed his research into the language of the UACIM Inverse Condemnation joint policy statement. Brett wanted to clarify with the Board whether to include inverse condemnation claims that are couched as civil rights or just claims arising out of inverse condemnation? The Board agreed that the policy shall provide for defense costs only, up to \$25,000, for inverse condemnation claims. Rich Stokluska noted that Great American has reviewed and expressed no concern with the policy statement adopted November 11, 1992. The Board directed Brett to draft a revised policy statement for review at the next meeting.

Tiered Program Brett Rich explained the possibility of the Board working toward a "tiered" program which could involve Salt Lake County in the UACIM program but not the loss fund. Pursuant to several PRIMA and NACo meetings Brett has been involved in, many pooling organizations have gone to an approach where they sell some services or some products to larger counties. Brett feels this type of program will work if it is structured correctly. The Board directed Brett to pursue getting the loss information needed to explore this option and how it may or may not benefit UACIM.

Claims Administration Brett Rich explained that he reviewed and made some changes to the proposed McLaren Toplis contract for claims administration. He will be sending the proposed contract to the attorney for review and finalization.

BROKER'S REPORT

Rich Stokluska reviewed the written comments of Gallaghers' Professional Lines Department regarding the Pacific Insurance Company policy for UACIM Trustees Errors and Omissions Insurance and Directors and Officers Liability Coverage (see attachment #1). This policy form was utilized a few years ago and is no longer used by most insurers, therefore, replacing it will require two separate policies. Gallaghers recommends that the following changes be made immediately to the current policy; 1) named insured endorsement corrected, 2) coverage expanded, 3) amend deductible wording, 4) amend insuring agreement wording, and 5) delete "hammer clause". Basically, the policy should be cleaned-up and more specific as to the intent. The Board directed Brett Rich to contact Aon Risk Services and request that the policy be corrected (back to inception) as recommended by Gallaghers. The Board directed Rich Stokluska to quote the policy for 1997, after which time the Board will decide whether or not to maintain the current policy and Aon as the broker of record.

Brett Rich explained that Aon Risk Services is the broker of record for the Tenant User Liability Insurance Policy program (TULIP). The Board agreed to maintain Aon as the broker of record for the TULIP program.

1997 ADMINISTRATIVE BUDGET

Brent Gardner reviewed the line item breakdown and comparison of the 1997 and 1996 Administrative Budgets as requested by the Board. An ending balance of \$76,388 remains for the year ending 1995, due to budgeting of a full-time director who was not hired until late in 1995. This year (1996), the amount budgeted should approximately equal the amount spent. UACIM has paid this fee to the Utah Association of Counties (UAC) for the administration of the Mutual, legally any ending balance would be the property of UAC, but Brent feels that the UACIM Board should feel free to meet with the UAC Board to discuss the status of any excess funds. The Board agreed to wait until the year ending 1996 to assess the ending balance and decide at that time whether to meet with the UAC Board.

SUMMARY OF LOSS PREVENTION ACTIVITIES

In regards to a new vehicle for the Loss Prevention Department, Brett Rich explained that the new state contract just came out a couple of weeks ago. He reviewed the pricing on two vehicles, a Ford Taurus and a Chevrolet Lumina (with/without options), with the Board. Sid Groll made a motion to order/purchase the Ford Taurus with options and anti-lock brakes. Gerald Hess seconded the motion and the motion passed unanimously.

David Nelson reviewed his written report with the Board (see attachment #2). A risk review was conducted in Wasatch County on October 22. David has yet to receive a response from Wasatch County's 1995 risk review. David continues to work on the scheduling of training in the area of Personnel Discipline and Wrongful Termination via the USU Extension Satellite System, has evaluated the Duchesne County Water Conservancy District and has evaluated the new Piute County courthouse and made recommendations.

The Board directed David to work on scheduling time, at those counties who will be receiving awards, to make a special presentation at the Commission meetings.

PENDING OR REASONABLY IMMINENT LITIGATION

Gary Sullivan made a motion to set the date and time for closed meeting to begin at 12:00 p.m. on October 24, 1996, to discuss pending or reasonably imminent litigation. Gerald Hess seconded the motion and the motion passed unanimously.

Sid Groll made a motion to conclude the closed meeting. Gerald Hess seconded the motion and the motion passed unanimously.

OTHER BUSINESS

The next meeting of the Board of Trustees will be held December 19, 1996, at 9:00 in the UAC offices.

LOSS PREVENTION REPORT

By: David L. Nelson, Loss Prevention Manager

Utah Association of Counties Insurance Mutual
Board of Directors Meeting, October 24, 1996

RISK REVIEWS:

Wasatch County

The second 1996 risk review for the county was completed on October 22, 1996. The risk review report and recommendations were submitted to the county commission for evaluation and compliance.

TRAINING:

Update on the Personnel Discipline and Wrongful Termination Training via USU Extension Satellite System.

MEETINGS:

CONSULTING:

OTHER:

1996 UACIM Risk Management Program Premium Credit Analysis.

UTAH ASSOCIATION OF COUNTIES UTAH ASSOCIATION OF COUNTIES INS. MUTUAL

TRUSTEES ERRORS AND OMISSIONS INSURANCE AND DIRECTORS & OFFICERS LIABILITY COVERAGE

We have reviewed the current policy issued by Pacific Insurance Company, Limited and provided the following comments:

1. NAMED INSURED (Declarations page Item 1.):

The policy was issued in favor of Utah Association of Counties, etal. This has been amended by Endorsement #1 to read Utah Association of Counties Insurance Mutual. It is important to note that as it stands the current coverage provides coverage only for Utah Association of Counties Insurance Mutual and those falling under the definition of "Association or Corporation, Trust and Insured" as highlighted on page 1 and 2 of the policy form.

Renewal Thoughts/Considerations: 1. Consideration should be given to having the coverage expanded to pick up Utah Association of Counties and Utah Association of Counties Insurance Mutual. 2. The name insured should include a form of omnibus wording that provides coverage for any sub organization under the named insured. Note, the policy form currently is restricted only to those organizations noted on the declarations page.

Information needed for renewal implementation: We will need to determine the relationship between Utah Association of Counties and Utah Association of Counties Insurance Mutual, if either entity has any sub organizations and is there a desire to combine the two under one policy form.

2. DEDUCTIBLE (Declarations page Item 4):

Coverage should be amended to state that the deductible is not applicable to the individuals when the organization cannot come to their rescue because it will not, is financially unable to or refuse's to do so. Note: As it stands, it appears that the deductible is applicable regardless of the circumstances. Reference page 2 and application of deductible wording.

3. INSURING AGREEMENT WORDING:

Insuring Agreement B. Page 1 utilizes "reimbursement" wording. This should be amended with "pay on behalf of" wording as found in Clause A and C.

4. SETTLEMENT PROVISION (Page 4):

It should be noted that the Pacific utilizes what is termed a "hammer clause". This provision states that "if the insured shall refuse to consent to any settlement recommended by the Companythan the Company's liability for the claims shall not exceed the amount for which the claim could have been so settled....." This clause should be deleted.

5. PREMIUM:

We feel that the 95-96 premium should be reduced by 20 to 25%.

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

Administrative Budget

	1995 Actual	1996 Budget	1996 Actual*	1997 Budget
REVENUES COLLECTED				
Management Fees	260,000	260,000	260,000	260,000
Interest	19,073	0	14,997	0
Total Revenue	279,073	260,000	274,997	260,000
EXPENSES PAID				
Accounting/Audit	330	1,500	300	1,500
Administrative Fees	13,559	5,000	7,764	5,000
Auto Expenses	3,262	6,000	3,305	5,000
Auto Reserve	0	10,000	0	10,000
Board Expenses	8,930	10,000	8,265	10,000
Consulting Fees	0	2,000	0	2,000
Copying	1,815	2,500	1,396	2,500
Dues, Subscriptions	589	1,000	715	1,000
FICA	6,429	9,200	6,627	9,200
Legal	0	0	0	0
Loss Control/Training	1,276	10,700	4,214	10,700
Medical Insurance	14,056	17,000	17,633	17,000
Newsletter	835	1,500	1,239	1,500
Office Equipment	15,809	6,000	18,501	5,000
Office Rent	16,819	25,000	15,051	24,000
Office Supplies	1,400	2,000	2,213	2,300
Other Insurance	1,516	800	1,306	800
Postage	3,772	3,000	2,810	3,500
Printing	2,319	1,500	0	1,000
Retirement	14,468	23,200	16,054	24,000
Staff Expense	7,405	6,500	7,883	7,200
Staff Salaries	83,264	111,700	86,174	113,400
Technical Assistance	1,081	400	334	400
Telephone	3,750	3,500	2,148	3,000
Total Expenses	202,685	260,000	203,932	260,000
ENDING BALANCE	76,388	0	71,066	0

